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SUBJECT: EU SOCIAL SUMMIT RENEWS COMMITMENT TO
LISBON STRATEGY; LABOR AND EMPLOYERS SPLIT ON
PRIORITIES

1. SUMMARY. EU-level organizations of labor and employers at a pre-European Council meeting with EU leaders on November 4 reaffirmed their commitment to the "Lisbon strategy" for turning the EU into the most competitive economy by the year 2010. The employers and unions not surprisingly continue to have different priorities for reactivating the Lisbon agenda. END SUMMARY.

2. The European Council meeting was preceded on November 4 by a "Tripartite Social Summit," in which the EU Troika (Dutch Presidency, Luxembourg, UK and European Commission) as well as representative organizations of the "social partners" (labor, employers, "cadres" and employees) reviewed the Lisbon strategy for turning the EU into the most competitive economy by the year 2010. The Social Summit heard a presentation by former Dutch PM Wim Kok of the report drawn up by his high-level panel on the progress of the Lisbon Strategy. The report takes a gloomy view on progress made over the past four years. It explains the EU's disappointing delivery by the overloaded agenda, poor coordination and conflicting priorities, and blames the lack of political will by the Member States. In order to ensure that Member States take up their responsibilities, the Kok report calls for a process-redesign along three lines: "more coherence and consistency between policies and participants, improving the process for delivery by involving national parliaments and social partners, and clearer communication on objectives and achievements." The report rejects proposals for the 2010 Lisbon target to be lifted. It also states that the EU should not become a "copy-paste" of the US.

3. Speaking at the post-Social Summit press conference, Dutch PM/European Council chair Balkenende said participants all agreed that "if we want a social Europe we need a strong economy in Europe." Commission President Prodi underlined the need to actually implement the Lisbon agenda. With a reference to the persisting deadlock on the draft legislation concerning the Community patent, Prodi stated: "If we continue to decide by unanimity, the Lisbon agenda has no chance of being implemented." Prodi also called for Member State budgets to reflect the commitments taken under the Lisbon strategy. Balkenende and Prodi underlined the role of social dialogue as being "at the heart of the European Social model."

4. The President of the European Employers' Federation (UNICE), Jurgen Strube, opined that the sense of urgency with the Lisbon agenda must be translated into implementation but called for the focus to be on competitiveness: "All (Lisbon) objectives are interrelated but it's important to focus on the key drivers: competitiveness and economic growth. ETUC Secretary-General John Monks said his organization (the European Trade Union Confederation) supported the Kok report as a "realistic" and "balanced" document, adding: "We know there are choices to be made, but the route is not the same as in the U.S. What concerns us are the "delocalisations" (out-sourcing), working time related issues, etc. There is an agenda there."

5. A statement released by the Dutch Presidency said the parties "reaffirmed their commitment to the Lisbon agenda" as "the most effective means by which to fulfill" the EU's economic and social objectives "and thereby underpin the role of social dialogue in European governance," adding: "All parties agreed on the need to add a new impetus to the implementation of the Lisbon strategy in order to bring about a balanced economic, social and environmental renewal in the EU." The contribution of social partners was "essential in unleashing the potential for economic

and employment growth by finding the balance between flexibility and security." Balkenende and Prodi were said to have "expressed their readiness to continue the debate and stated that they were looking forward to a substantial joint contribution from the social partners with commitments relating to their area of competence in the context of the Mid-Term review of the Lisbon strategy next spring."

16. COMMENT. Just like the members of the Kok panel were said to be divided on the remedies to the problems of the EU economy, the employers and unions not surprisingly continue to have conflicting demands on priorities to be addressed in the context of their "social dialogue" at the service of the Lisbon strategy: the employers are calling for further liberalization, the removal of obstacles to cross-border provision of services, and for research policy to be tweaked toward boosting competitiveness. In contrast, the ETUC calls for stronger social cohesion "as an essential part of Europe's competitive advantage" and insists that the Lisbon process should not amount to deregulation, weakening worker rights and protection, and cutbacks in living and social standards.

SCHNABEL